

HOUSE BILL REPORT

HB 1100

As Reported by House Committee On:
Higher Education

Title: An act relating to creating a state financial aid account to ensure that all statewide financial aid is made available.

Brief Description: Creating a state financial aid account.

Sponsors: Representatives Kenney, Priest, Morrell, Fromhold, Jarrett, Sommers, Ormsby, Appleton, Tom, Anderson, Roberts, P. Sullivan, Lantz, Dickerson, Schual-Berke and Santos.

Brief History:

Committee Activity:

Higher Education: 1/25/05, 2/1/05 [DP].

Brief Summary of Bill

- Creates a non-appropriated state financial aid account where the Higher Education Coordinating Board (HECB) deposits money received for various state financial aid programs.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 12 members: Representatives Kenney, Chair; Sells, Vice Chair; Cox, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Buri, Fromhold, Hasegawa, Jarrett, Ormsby, Priest, Roberts and Sommers.

Staff: Barbara McLain (786-7383).

Background:

State Financial Aid Programs: State funds for a number of financial aid programs are appropriated in the operating budget to the HECB. These programs include: State Need Grant, State Work Study, Washington Scholars, Washington Award for Vocational Excellence, and Educational Opportunity Grant.

In distributing the funds to public institutions of higher education and students attending private institutions, the HECB makes certain assumptions about how many eligible students will be attending each institution. If these assumptions are not precisely accurate or money is not moved among institutions in a timely manner, it is possible for financial aid funds to remain unspent at the end of a fiscal year. Under state law, unspent funds cannot be used in the following fiscal year (e.g., the money lapses).

In recent years, the following money from the State Need Grant (by far the largest program) has lapsed at the end of the fiscal year:

1997-98:	\$ 450,000	2001-02:	\$ 0
1998-99:	\$ 350,000	2002-03:	\$ 110,000
1999-00:	\$4,100,000	2003-04:	\$ 201
2000-01:	\$ 0		

Promise Scholarship: When the Promise Scholarship was authorized in statute in 2002, the Legislature created a Promise Scholarship Account. A legislative appropriation is not needed to spend monies placed in the account, which are to be used only for Promise Scholarships. Disbursements from the account are exempt from state laws regarding allotments or lapsing of funds at the end of a fiscal year. Both the statute and the biennial operating budget direct the HECB to place state funds for the Promise Scholarship into the account.

Summary of Bill:

The state financial aid account is created with the primary purpose to ensure appropriations for financial aid are made available to eligible students. A legislative appropriation is not needed to spend monies placed in the account, which are to be used only for various scholarship programs. Disbursements from the account are exempt from state laws regarding allotment or lapsing of funds at the end of a fiscal year.

The HECB is directed to place state funds for the following financial aid programs in the account: State Need Grant, State Work Study, Washington Scholars, Washington Award for Vocational Excellence, and Educational Opportunity Grant.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2005.

Testimony For: This bill would lead to better management and planning for expenditures of state funds for financial aid and better financial aid assistance to students. It is supported by the financial aid administrators at the colleges and universities. The fear of lapsing funds at the end of the fiscal year places a large burden on financial aid offices in the month of June to spend every last dollar, right when they are trying to put aid packages together for students for the following year.

Testimony Against: None.

Persons Testifying: Becki Collins, Higher Education Coordinating Board.

Persons Signed In To Testify But Not Testifying: None.